SECRET

20 December 1973

MEMORANDUM FOR THE RECORD

SUBJECT: E. Howard Hunt

1. I phoned Paul Burns, Special Assistant to the DDO, and said that we had some leads that could be followed by whoever has the action in the DDO in tracking down Hunt's activities during the fall of 1964, when he was alleged to have been engaged in surveillance activities of Barry Goldwater.

2. I said that our files showed Hunt was in DO Division (Burns was not familiar with that title, but recognized it as the predecessor of FR Division) and in August 1964 was assigned to the Washington field office. I suggested that Stan Gaines, who was Deputy Division Chief of DO Division and now DCOS Bonn, might be in a position to give a few groups on what Hunt was supposed to be doing then. I suggested that he be queried by cable. Burns said Gaines is staying on under contract for a while, so would continue to be available.

3. I said that Fig Coleman was on the Iberian desk when the Hunt assignment to Madrid was brought up in 1964 and when Hunt went to the field in 1965. He could give the background on the assignment, which seems to have been through Karamessines at Helms' direction. His recollection would give leads. I told him that Coleman became COS Madrid later, after Hunt left Spain, and could provide information on what Hunt did not do for the Agency during that period. I suggested that both Helms and Karamessines should be queried. I gave as a possible press treatment that Hunt was engaged in domestic operations (something Senator Baker is pursuing) and that his assignment to Spain after the election could be presented as giving him time to cool off. I thought we had to pursue the matter to be sure we know the facts.

4. I asked Burns to be sure that we are on information distribution of cables to the field on this, given our assigned responsibility for keeping files on Watergate. He said we are on the PLMHPLANK for messages to Helms. He would advise the action officer. I said we are available for any help we can give.

S. D. Breckinridge

SECRET

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S. D. Breckinridge

SECRET

9 May 1974

MEMORANDUM FOR: OPS/RMO

SUBJECT : Watergate File Research - Final Report

1. The files of the immediate office of the Chief, OPS/OSG have been checked for material relevant to the subject of this memorandum. The check included chronological files of communications of which I was the author while assigned to Madrid, Spain in the period July 1970 to July 1973. Nothing pertinent was found.

2. I have attempted to recollect any other details which conceivably could be pertinent and which relate to the period of my assignment to Madrid. The only points which I recall but on which I have no documentation are these:

a. There were occasional joshing inquiries made of me by American residents of Madrid about the reported presence in Spain of E. Howard Hunt in 1972. My standard reply was that I knew only what I had heard rumored. For the record, at no time did Hunt contact me, and I have never known of his having tried to contact any Station personnel in Spain during the period 1970-73. I made no effort personally to ascertain whether or not Hunt was in Spain, and I had no effort made by any Station member.

b. A Station officer, possibly Richard Ouderkirk, now assigned to Guatemala, was given some information by an informant in 1972 concerning reported activities in Spain by Robert Vesco. I suggested that the information be given informally to the Embassy's Economic Section chief, John Oliver. That officer was charged with keeping abreast of developments related to Vesco. The Station did not pursue that subject, as I recall, because it was not a topic of reportable interest, according to requirements of the period.

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SUBJECT: Watergate File Research - Final Report (cont'd)

3. There is no other employee assigned to my immediate office who has relevant personal knowledge of events and personalities.

Robert E. Owen

Robert E. Owen
Chief, OPS/OSG

14-00000

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:	EXTENSION	NO.
Director of Finance 1212 Key Building		DATE 27 February 1974

TO: (Officer designation, room number, and building)	DATE RECEIVED	DATE FORWARDED	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1. Inspector General 2 E 24 HQS.	27 Feb '74		D	
2. Breckinridge				
3. Richards			R	
4. ~~[illegible]~~				
5. Sandy-Arisdel - W/file				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				

FORM 610 USE PREVIOUS EDITIONS ☑ SECRET ☐ CONFIDENTIAL ☐ INTERNAL USE ONLY ☐ UNCLASSIFIED

SECRET

27 FEB 1974

MEMORANDUM FOR: Inspector General

SUBJECT : Howard Hunt

1. At the recent request of the Deputy Director for Management and Services, the Office of Finance has searched its records to determine if we could find any payment to Mr. Hunt in an amount of approximately $30,000 that required no accounting.

2. We have searched the following records:

a. The expense runs for the period July 1964 to June 1973 for the immediate Office of the DCI, the immediate Office of the DD/P, FI Staff, CI Staff, CA Staff and the Office of Security. We have checked various items that were reflected in these expense records but have identified nothing relating to Mr. Hunt.

b. The Madrid Station, JMWAVE and FR/Washington Office accountings to determine if there were funds passed by the Stations to Mr. Hunt during the year he served under non-official cover in Madrid. We could find no payment to Mr. Hunt either in his true name or his two identified pseudonyms.

c. Mr. Hunt's travel claims for the period 1960-1972 and have found nothing in these travel claims that were not consistent with normal travel expenses, i.e., transportation, per diem.

d. We made a specific analysis of Mr. Hunt's advance account for the period he was under non-official cover (July '65-Sept '66) and have

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SUBJECT: Howard Hunt

determined that $33,500 was advanced to him for travel and transportation of household goods to and from Madrid with one trip to Paris for he and his family to renew their Spanish visas. All of this advance was fully accounted for. However, in his accounting, one item appeared unusual. It was an expenditure of $1,600 for a sensitive operation which was approved for write-off by Mr. Desmond Fitzgerald on 1 June 1966 without further accounting.

3. Also, we confirmed that no other Agency advance accounts were established for Mr. Hunt during this period.

4. At the beginning of his non-official cover tour, it was necessary to establish a bank account in his name. The EUR Division accordingly requested we open an account at the Chase Manhattan Bank in Mr. Hunt's name to receive all non-salary payments. (Mr. Hunt had an account at Riggs National Bank to receive his salary and allowance payments). The following deposits were made to the account during 1965 and 1966:

Account opened: 13 July 1965

13 July 1965	$10,000
22 July 1965	5,000
15 September 1965	5,000
6 October 1965	5,000
19 July 1966	5,000
	$30,000

All of the above have been accounted for by submission of travel and transportation accountings.

5. We feel at this time without specific guidelines that further searching would be somewhat fruitless. One strange aspect of the non-official cover assignment in Madrid is that all the costs were charged to the support allotment of the EUR Division which is not normal as non-official cover people are usually assigned to a project. It is unusual to have a case officer abroad for one year on an operational assignment without him incurring operational expenditures.

SUBJECT: Howard Hunt

6. The Office of Finance has not found operational expenditures except for the $1,600 mentioned above. Therefore, it is suggested that Mr. Karamessines be questioned as to a project or projects to which Mr. Hunt's operational expenditures if incurred would have been charged.

7. Another possible course of action is to request the Director to approve my asking a cleared contact at Chase Manhattan Bank to provide a transcript of all entries into Mr. Hunt's Chase Manhattan Bank account.

8. We are currently reviewing records of all cashier's checks prepared and issued by Monetary to determine if any were payable to Mr. Hunt. Hopefully this effort will be finished by the end of the week.

Thomas B. Yale
Director of Finance

14-00000

CONFIDENTIAL

20 December 1973

MEMORANDUM FOR THE RECORD

SUBJECT: E. Howard Hunt

1. I spoke with Fig Coleman about Hunt's assignment to Spain. I had spoken with him back in August when we were inquiring into reported activities involving Mrs. Hunt.

2. Coleman said that he got out of the War College in May 1964 (by which he fixed the time), and took over the Iberian desk. Bill Ryan was C/EUR (or was it WE Division at the time). In early autumn Ryan said that he had just been informed by the DDP (Karamessines) that Hunt was to be assigned to Madrid as DCOS, as a directed assignment by Helms. A memo was prepared and sent to the COS, Jim Noel (now retired). There was nothing further for about a month when Ryan called Coleman in and showed him a RYBAT letter from Noel stating that Ambassador Stanley J. Woodward would not have Hunt in the Embassy.

3. Woodward had been the Ambassador to Uruguay when Hunt was COS Montevideo. He had a low opinion of Hunt and was counting the days until Hunt left. The President of Uruguay visited President Eisenhower in the States, at which time he requested a personal favor--that Hunt be reassigned to Montevideo. So Hunt took another tour. Woodward was outraged, and had his revenge in 1964 when Hunt was to be sent as DCOS to Madrid.

4. After a couple of months--early 1965--Ryan called Coleman in and, observing that there was more than one way to skin a cat, told him that Hunt was going to Spain under nonofficial cover. This didn't require anything special, Ryan saying that he didn't know much about it. It came to him from Karamessines on Helms' order. Hunt was to have the telephone number of the COS, but he would do nothing for the station. Hunt was to submit administrative vouchers for reimbursement of his expenses and they were to be paid. Coleman said he never saw Hunt before he went out. He knows that there was no operational reporting, to indicate that Hunt was doing anything.

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CONFIDENTIAL

The vouchers were not large, although the documentation was poor. Coleman raised the question with Ryan about his signing off, and Ryan said he could talk to Karamessines if he wished. Because Coleman had a close personal association with Karamessines he did just that. He was told by Karamessines that he didn't know much about it either--"Helms said send him out." He was instructed to go ahead.

5. In early July 1966 (4 July) Coleman went to Madrid. He had a ten day turnover with Jim Noel. Hunt had already gone and he did not see him. Noel said he didn't know what Hunt did, but that Coleman need not worry because he was gone.

6. Several months ago Noel was at a seminar at which Ambassador Woodward was also present. At the time he asked about Hunt. Woodward said it might still be dragged into the press. Tad Szulc had been after Woodward about the Hunt assignment to Spain. Coleman observed that Szulc did have a long article on Hunt in the New York Times, and the Spain assignment was mentioned, but without any conclusions as to its significance.

7. Coleman said the RYBAT file of C/EUR may have something on the event, but not much. A letter out and the reply, but not much more.

S. D. Breckinridge

CONFIDENTIAL

14-00000

22 February 1974

26 Feb '74 Tab 38

MEMORANDUM FOR THE RECORD

SUBJECT: E. Howard Hunt--Madrid Assignment

1. On 22 February 1974, Mr. Frederick N. Evans and the undersigned interviewed Mr. Edward Ryan, Chief, Staff D, Deputy Director for Operations, on the subject of Mr. E. Howard Hunt. During the period of Mr. Hunt's assignment as a Contract Type A agent to Madrid between July 1965 and September 1966, Mr. Ryan had been the Deputy Chief of the Western European Division, Deputy Director for Plans. The purpose of the interview was to determine if Mr. Ryan had any information bearing on the matter of the operational assignment of Mr. Hunt during this period.

2. Mr. Ryan stated that the assignment of Mr. Hunt both to the European Division and to Madrid was handled without benefit of the routine processing procedures through the Western European Division. Mr. Hunt's assignment was coordinated and directed by Mr. Thomas Karamessines, the Assistant Deputy Director for Plans. With regard to operational duties, Mr. Ryan was unaware of any specific project or target for Mr. Hunt. Mr. Ryan made the specific observation that if Mr. Hunt produced positive intelligence on the Iberian target during this period the officials responsible for this effort within the Western European Division were totally unaware of it.

3. Mr. Ryan stated that most of his knowledge of Mr. Hunt's activity and the nature of his assignment during this period came more through heresay than direct official knowledge. For example, he cited the comment made by a mutual acquaintance of his and Mr. Hunt's to the effect that Mr. Hunt stated that while in Madrid he was going to "play golf and write books." Mr. Ryan was asked specifically whether or not he was

under the impression that Mr. Hunt's writing activities were either being encouraged or subsidized directly by this Agency in any official effort. Mr. Ryan responded that he was personally not aware of any such arrangement. He added as an expression of personal opinion that Mr. Hunt had no operational function and was simply granted the opportunity to write books for his own personal gain at Government expense during this period.

Lawrence J. Howe

14-00000

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM

UNCLASSIFIED		CONFIDENTIAL	X	SECRET

OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	Mr. Howe		
2			
3			
4			
5			
6			

	ACTION		DIRECT REPLY		PREPARE REPLY
	APPROVAL		DISPATCH		RECOMMENDATION
	COMMENT		FILE		RETURN
	CONCURRENCE	XX	INFORMATION		SIGNATURE

Remarks:

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.	DATE
O/IG/2E24 Hqs./5527	22 Feb 74

UNCLASSIFIED		CONFIDENTIAL	X	SECRET

FORM NO. 1-67 237 Use previous editions (40)

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SECRET

26 Feb 10, Tab 32

22 February 1974

MEMORANDUM FOR THE RECORD

SUBJECT: Conversation with Sam Halpern

1. I met with Sam Halpern for about 20 minutes this morning in GG10, where he is cleaning up some details before he goes to his new assignment as DC/DCD. I told him generally about our attempt to reconstruct Howard Hunt's assignments and financial transactions, and asked him particularly for recollections he may have of Hunt's assignment in Spain in mid-1965 to the fall of 1966.

2. Halpern said that he has no recollection about such an assignment. In June 1965 he moved from WH Division with Des FitzGerald when he became the DD/P. At about that time Halpern's father died and he was in New York for the funeral and ten days of religious observations following that. He was back in mid-June and in and out from then on as he got ready to attend the National War College which began in August. He did not return to that office until the end of June 1966.

3. Halpern observed that during this period Karamessines was ADDP with Helms moving up to be DDCI. He thought it entirely possible that Helms and Karamessines could have handled this on their own.

4. Halpern said that Evan Parker had come into the office of the DD/P shortly before Helms became DDCI, and had returned from Honolulu for that purpose. He stayed on for FitzGerald until Halpern returned from the National War College. He suggested someone might talk to Evan Parker who may have known something about it (although he may not). He also suggested talking to Georgia.

/s/ S. D. Breckinridge

S. D. Breckinridge

SECRET

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#6 Feb 12, Feb 54

21 February 1974

MEMORANDUM FOR THE RECORD

SUBJECT: Watergate--Frank A. O'Malley

1. At 3 p.m. on the afternoon of 19 February 1974, Mr. Frederick N. Evans and Lawrence J. Howe interviewed Mr. Frank A. O'Malley at his residence, 6419 Lakeview Drive, Falls Church, Virginia. Mr. O'Malley retired from this Agency in June of 1972. Prior to retirement Mr. O'Malley was an officer in the External Employment Assistance Branch, Retirement Activities Division of the Office of Personnel. It was Mr. O'Malley's function to assist personnel retiring from this Agency in finding post-retirement employment. In this capacity Mr. O'Malley had been instrumental in the placement of Mr. E. Howard Hunt in the Robert R. Mullen public relations firm. The purpose of this interview was to attempt to determine if additional information could be developed from Mr. O'Malley with regard to the placement of Mr. Hunt with the Mullen Company.

2. Mr. O'Malley began the interview by recalling the nature of his past Agency associations both with Mr. Hunt and the Mullen Company. Mr. O'Malley stated that prior to assuming his responsibilities in the Office of Personnel he had served with Central Cover Staff in the area dealing with the funding of covert action projects. In this capacity he had become familiar with the activities of Mr. Hunt while Mr. Hunt functioned on the Covert Activities Staff primarily in the propaganda field. Mr. O'Malley stated that he first came in contact with the Mullen Company when he was attempting to find an organization to handle the public relations effort of a covert Agency activity known as the Free Cuba Committee. Mr. O'Malley related that he had arranged this cover through the Christianform Organization and that his duties involved all aspects of the funding of this activity. Mr. O'Malley described the nature of his working relationship

with Mr. Robert R. Mullen as being close and cordial. Mr. O'Malley stated that Mr. Mullen was in the habit of confiding to him information concerning other Mullen business contacts and projects. In response to a specific question, Mr. O'Malley stated that during the period of his contact with the Mullen Company dealing with the Free Cuba Committee, Mr. Mullen told him the Howard Hughes Organization was a client of the concern.

3. Mr. O'Malley reiterated his previous statements that Mr. Hunt was referred to his office for placement assistance through the Office of the Executive Director, then Colonel L. K. White. Mr. O'Malley stated that in view of Mr. Hunt's interests in the public relations field, it was thought advisable to put Mr. Hunt in touch with Mr. Robert Mullen for the purpose of gaining the benefit of Mr. Mullen's guidance. Mr. O'Malley recalled, after the initial meeting, Mr. Mullen mentioned having met Mr. Hunt some years previously in Paris, France. Mr. O'Malley's office arranged interviews with various organizations including Reader's Digest and the Kennecott Copper Company. Through the offices of the Mullen Company an interview was arranged with the General Foods Corporation, a Mullen client. Mr. O'Malley stated there was disappointment that Mr. Hunt had been unsuccessful in "selling himself" during any of these interviews and that no job offers had resulted. In response to a question as to whether or not executive level interest was still being shown in Mr. Hunt's post-employment placement, Mr. O'Malley recalled that Mr. Richard Helms, then Director of Central Intelligence, was listed as a character reference on Mr. Hunt's resume and that Mr. Helms signed a letter of recommendation to the Kennecott Copper Company on Mr. Hunt's behalf. Mr. O'Malley recalled being contacted in the last month of Mr. Hunt's Agency service by Mr. Mullen, who stated that a decision had been made to expand their operations. In view of this expansion, Mr. Mullen had decided he would himself offer Mr. Hunt a job. Mr. Mullen had stated that he was interested in having Mr. Hunt begin work immediately. However, Mr. O'Malley recalled that Mr. Hunt completed retirement formalities and actually started work for the Mullen Company approximately a week to 10 days later.

4. Mr. O'Malley stated that contact was maintained with Mr. Hunt while at the Mullen Company on a continuing basis, because Mr. O'Malley was interested in Mr. Hunt for possible referral of other Agency retirees. Mr. O'Malley also understood that there was Cover and Commercial Staff interest in the Mullen Company, and that Mr. Hunt became instrumental in discussing several aspects of the cover operations in his capacity as an officer of the company. Mr. O'Malley recalled referring various Agency officers to Mr. Hunt for guidance when ~~these indi-~~viduals expressed an interest in entering the public relations field. Mr. O'Malley did recall disappointment in feeling Mr. Hunt had generally been less helpful on these occasions.

5. Mr. Hunt contacted Mr. O'Malley on several occasions requesting referral of retiring Agency employees with specific qualifications. These instances occurred apparently after Mr. Hunt had assumed his responsibilities with the White House. In one instance Mr. Hunt requested referral of a recently retired Agency secretary. As in previous memoranda and discussions, Mr. O'Malley was unable to recall the name of this individual. He did, however, state that he is quite certain Mr. Hunt turned down the individual whom he referred. As a point of clarification, Mr. O'Malley said that this individual had not previously been known to Mr. Hunt, nor had she previously worked for him in any capacity. Mr. O'Malley also recalled a request from Mr. Hunt for an individual having skills in the area of locks and surreptitious entry. A resume of Mr. Thomas C. Amato was provided to Mr. Hunt at that time. It is Mr. O'Malley's recollection that Mr. Hunt specifically stated that a person with Mr. Amato's qualifications was needed in connection with a requirement of the Howard Hughes Organization in Las Vegas, Nevada. Mr. O'Malley stated the opinion that it was his impression that the duties involved would include the monitoring of a listening device in an undisclosed location. Mr. O'Malley reiterated his understanding that Mr. Amato did not accept Mr. Hunt's offer of employment.

6. Mr. O'Malley then recalled request from Mr. Hunt for a recommendation of a security service organization to carry out an electronic countermeasures "sweep." Mr. O'Malley recommended the Wackenhut Corporation. Mr.

O'Malley recalled that Mr. Hunt expressed dissatisfaction with that suggestion in part because of what Mr. Hunt viewed as that firm's political orientation. Mr. O'Malley did not elaborate further on that remark. Mr. O'Malley then suggested the use of Anderson Security Consultants, Incorporated, a commercial cover entity of the Office of Security. Mr. O'Malley stated that insofar as this organization was advertised in the yellow pages and that Mr. Hunt could be assured of the reliability of the services, he felt this to be a reasonable suggestion. Mr. O'Malley stated that during a subsequent phone call when Mr. O'Malley asked how his suggestion had worked out, Mr. Hunt responded, "Yes, they had done a fine job." At this point Mr. O'Malley was asked whether or not from his associations with Mr. Hunt he felt Mr. Hunt was in the habit of making glib comments which were not necessarily accurate in order to pass over a subject. Mr. O'Malley stated that this was categorically so. He said he was sure that Mr. Hunt had lied to him on a number of occasions and that,therefore, he was in no position to be sure that Mr. Hunt had actually, in fact, used the services of Anderson Security Consultants. Mr. O'Malley volunteered the opinion that he suspected the electronic countermeasures "sweep" was to be carried out in the offices of the Committee to Re-elect the President.

7. In response to a question as to whether he had ever referred anyone to McCord Associates, Mr. O'Malley replied that he remembered having referred Walter Brayden. Mr. Brayden for a time acted as bodyguard to Mrs. Martha Mitchell. As an aside Mr. O'Malley mentioned that Mr. Brayden had refused to carry a firearm in spite of the fact that Mr. McCord told him he could do so on the authority of the Attorney General. Asked specifically if he had ever referred either William Shea or Teresa Shea to Mr. McCord, Mr. O'Malley stated that he did not recall specifically referring Teresa Shea and that he was sure that he had not referred William Shea to him. So, contrary to previous statements, it is now Mr. O'Malley's belief that in all probability Mrs. Shea was not referred by this Agency to Mr. McCord.

8. Returning to Mr. O'Malley's previous responsibilities in coordinating funding for the covert action activities of Mr. E. Howard Hunt, the issue was raised as to whether or not the funding of Mr. Hunt's projects continued between July 1965 and September 1966 while Mr. Hunt was a contract employee stationed at Madrid, Spain. Mr. O'Malley recalled that at the time of Mr. Hunt's assignment to Madrid the statement disseminated for consumption within the Agency was that Mr. Hunt was retiring. Mr. O'Malley stated that this was not generally believed. Mr. O'Malley was quite certain that during this period his office handled no project funding for Mr. Hunt. In response to specific question Mr. O'Malley stated that on Mr. Hunt's return to staff employment the projects and funding which stopped in July 1965 were again resumed. Mr. O'Malley was not aware of any project names or funding mechanisms or post-assignment accountings in connection with Mr. Hunt's activities in Madrid.

Frederick N. Evans

Lawrence J. Howe

14-00000

SECRET SENSITIVE

21 February 1974

MEMORANDUM FOR THE RECORD

SUBJECT: Office of Finance Records - E. Howard Hunt

1. On the instruction of Mr. Steven L. Kuhn, Chief of Operations, PSI, the undersigned made an appointment for the afternoon of 20 February 1974 to interview Mr. William Caufield, Chief, Certification and Liaison Division, Office of Finance, and Mr. Joseph Hudson of Finance on the subject of Mr. E. Howard Hunt. At the outset of the interview Mr. Caufield advised the undersigned that instruction had been received from the Director of the Office of Finance, Mr. Thomas Yale, that discussion on the subject of Mr. Hunt was to be carried out only with the Office of the Inspector General. Mr. Caufield stated that he had informed Mr. Yale of the requested interview and had received this instruction with the suggestion that the undersigned contact Mr. Yale directly with any inquiry.

2. Accompanied by Mr. Caufield, the undersigned briefed Mr. Yale on the nature of the request and identified the "Task Force" effort being undertaken by the Office of Security in concert with the Offices of the Inspector General and Legislative Counsel. Mr. Yale responded that he recognized the legitimacy of the inquiry. Mr. Yale explained that subsequent to initiation of the complete audit being undertaken by Mr. Quinn of the Audit Staff, the Deputy Director for Management and Services, Mr. Harold L. Brownman, had requested the Office of Finance to discontinue their investigation of Mr. Hunt to avoid duplication. Mr. Yale added parenthetically that it was the nature of Finance Officers not to leave a job half done and that an "informal" inquiry into Mr. Hunt's financial records had nevertheless continued at a more subdued pace.

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SECRET SENSITIVE

3. A review of the circumstances surrounding Mr. Hunt's conversion to Contract Type A employment and assignment was then undertaken by Messrs. Yale, Caufield, Hudson and the undersigned. The contract and payroll files of Mr. Hunt were reviewed for possible indications of the nature of the operational activity undertaken in Madrid. A review of travel vouchers indicated that Mr. Hunt and his family made accountings indicating departure from Washington, D. C., on 5 August 1965 with an arrival in Madrid, Spain, on 16 August 1965. The costs of this travel were charged to the budget of the Western Hemisphere Division, Deputy Directorate for Plans, Madrid Station Support account. A subsequent accounting summarized PCS travel expenses and included a payment for apartment rental for 16, 17 and 18 August 1965 with a payment in the amount of $125 to Mr. F. Reid Buckley for this purpose.

4. It was determined that an allottee bank account in Mr. Hunt's name had been established at the Riggs National Bank of Washington. All salary and other non-operational reimbursements were made to Mr. Hunt through sterile check to this account. An operational account was established for Mr. Hunt with the Chase Manhattan Bank of New York City. A review of all payments made to Mr. Hunt through the Chase bank account through Mr. Hunt's operational advance subsidiary account, or 1442 account, had been made. There was no record of any operational accounts or advances being processed through this channel. Mr. Yale stated that this fact defined his concern. He felt that it was inconceivable that Mr. Hunt could have undertaken operational activity without some transfer of or accounting for funds. To date, no such records have been developed. No reference to a project or project digraph or operational FAN number has been located. All expenses connected with Mr. Hunt identified to date were charged to the Madrid Station Support. A review made of Madrid Station records has not indicated any "Developmental and Target of Opportunity (DSTO)" funds or "Other Operational Activity (COA)" funds expended by or on behalf of Mr. Hunt. These two accounts would normally be the source of operational funding not charged against a specific project activity.

5. A review of all of the travel vouchers on record for Mr. Hunt during this period also failed to identify a project. In addition to the PCS and return vouchers, two other accountings are on record. One accounting covered a trip by the entire Hunt family to Paris "for the renewal of visas." A second voucher covered a TDY trip from Madrid to Washington with return to Madrid made by Mr. Hunt from 5 January to 3 January 1966. The voucher states in the space provided for the citation of the travel order number - "no travel order." The accounting was approved and signed by Mr. Thomas Karamessines, then Deputy Director for Plans. No justification or statement of purpose for this TDY was given on the accounting.

6. Mr. Yale determined that further review of possible sources or identification of operational funding was in order. Mr. Yale gave instructions that the entire 1442 advance account of Mr. Hunt be reviewed for other possible channels of funding outside of the New York Chase account. After discussion, it was agreed that particular attention be taken to any items connected with publishing or book royalties. Mr. Yale noted that the royalty offset waiver provision ammended to Mr. Hunt's contract was, in his experience, somewhat unusual.

7. Mr. Yale was informed by the undersigned of the intention to interview Mr. Edward Ryan, currently Chief, Division D, who was at the time of Mr. Hunt's Madrid assignment, Deputy Chief of the Western Hemisphere Division. Mr. Yale suggested that Mr. Davis Powell also be interviewed. The undersigned informed Mr. Yale that this had been done and briefed Mr. Yale on the generally negative results of the interview. Mr. Yale then recommended that Mr. Sam Halpern be interviewed. Mr. Yale noted that Mr. Halpern had been an assistant to Mr. Desmond Fitzgerald when the latter was Chief, Western Hemisphere Division and had accompanied Mr. Fitzgerald when he became Deputy Director for Plans. Mr. Yale recalled that subsequent to Mr. Fitzgerald's passing that Mr. Halpern remained on the staff and acted as an Executive Officer for Mr. Thomas Karamessines. Mr. Yale stated that from his experience, Mr. Karamessines would have delegated all the arranging of "details" surrounding an assignment such as Mr. Hunt's to Mr. Halpern. Mr. Yale offered the parenthetical observation of his surprise at what he interpreted to be reticence to date to interview Mr. Halpern.

8. The undersigned assured Mr. Yale that he would be informed of any information identifying any possible project activity developed in subsequent investigation. Mr. Yale stated that any information in this area would greatly facilitate the job of checking computorized financial records.

Lawrence J. Howe

14-00000

CHASE MANHATTAN BANK ACCOUNT

Check No.	Date	Payee	Amount
8	20 October, 1965	Unknown (2 months rent as deposit plus 1 month in advance at $550 per month. Substantiated by lease)	$ 1,650.00
9	26 November, 1965	Casa Guggenbuhl (for storage of trunks during 3 mos. temporary housing)	$ 69.34
10	10 December, 1965	Security Storage Co. (final destination charges per attached invoice. Insurance charge of $1.00 is personal expense.)	$ 1,070.82

# # # # # #

Expenses

November 18, 1965	Flowers for Sra. de Max Borrell	Ptas. 150
December 20, 1965	Dinner at House of Ming. Ex-Bolivian Ambassador and wife. (Per my letter of 21 December, 1965)	Ptas. 2250

Howard Hunt

14-00000

SERVICES OTHER THAN PERSONAL | Terence S. CRABANAC | [illegible]

DESCRIPTION OF EXPENDITURE - ATTACH RECEIPTS AND OTHER SUPPORTING DOCUMENTS | AMOUNT

18 Nov 1965 Flowers for Sra. de Max Borrell. Pesetas 150 @ 60/$1.00 - $2.50
20 Dec 1965 Dinner at House of Ming. Ex-Bolivian Ambassador and wife.
Pesetas 2250 @ 60/$1.00 - $37.50 *

40.00

* For operational security reasons a receipt was not obtained.

(Credit the 144.2 advance account.)

[CE]RTIFY THAT THE DISBURSEMENTS ITEMIZED ABOVE WERE NECESSARILY MADE BY ME IN THE CONDUCT [OF] OFFICIAL BUSINESS OF A CONFIDENTIAL, EXTRAORDINARY, OR EMERGENCY NATURE, THAT I HAVE NOT ... NOR WILL I BE, REIMBURSED THEREFOR FROM ANY OTHER SOURCE, AND THAT THIS CLAIM AND AT[TACH]MENTS ARE TRUE AND CORRECT.

(See true name attachment)
SIGNATURE OF CLAIMANT

I authorize my agent, whose signature appears below, to receive currency amounting to ______ of official funds on my behalf and acknowledge receipt of such funds and my responsibility therefor, when paid to my agent.

DATE	SIGNATURE OF PAYEE

DATE	SIGNATURE OF AGENT

I CERTIFY FUNDS ARE AVAILABLE

REF. NO.	CHARGE FAN ACCOUNT NO.	APPROVED DATE	SIGNATURE OF APPROVING OFFICER
-2282	6136-1347 (code 3)	1/5 2 66	[signature] ADDP

	AUTHORIZED SIGNATURE	CERTIFIED FOR PAYMENT OR CREDIT DATE	SIGNATURE OF CERTIFYING OFFICER
Feb 66	WE/BF [signature: Charles E. Yates]	2/25/66	[signature]

RECEIPT FOR FUNDS RECEIVED

PAYMENT RECEIVED IN THE AMOUNT OF $ ~~40.00~~ N/R

DATE	SIGNATURE OF ☐ PAYEE ☐ AGENT

SPACE BELOW FOR EXCLUSIVE USE OF OFFICE OF FINANCE

DESCRIPTION-ALL OTHER ACCOUNTS 13-33 / DESCRIPTION - ADVANCE ACCOUNTS 13-27	28-33 T/A NO. SHIP. DOC. NO.	34-39 STATION CODE REC. RPT. NO. PROJECT NO.	40-41 EXPENDED	42-47 OBLIG. REF. NO. ADVANCE ACCT. NO. EMP. NO.	48-49 PAY PER. LIQ. CODE	50 CA OR COST YR.	51-54 GENERAL LEDGER ACCT. NO.	55-66 COST - FAN ACCOUNT SYMBOL	61-66 CA. NO. & REF. NO.	67-70 OBJECT CLASS / OC OR DUE DATE	71-80 AMOUNT DEBIT	CREDIT
[CR]ABANAC OPS ENT			88	2282		3	601.0	6136134[7]		2551	37.50	
[CR]ABANAC OPS			88	2282		3	601.0	6136134[7]		2555	2.50	
[CR]ABANAC T.S.				136100			144.2		50	125		40.00

PREPARED BY	DATE	REVIEWED BY		TOTALS	DEBIT	CREDIT
3/11 Mr E Doherty		[initials] 68-858		15	40.00	40.00

[FORM] 264 OBSOLETE PREVIOUS EDITIONS

SECRET 312393

GROUP 1 EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

(48)

OVER

14-00000

PCS to Madrid - Per diem/misc exp	$ 998.30	
Air fare (self & family)	2,257.50	
HHE, POV, etc	7,547.76	
TLA, quarters, etc	6,662.00	
Education allowance	1,440.00	$18,905.56
TDY Madrid/Paris - reentry visa Air fare only for self & family		384.61
PCS to Hqs - Per diem/misc exp	$ 178.82	
Air fare (self & family)	1,394.55	
HHE, POV, etc	10,731.97	
TLA	599.34	12,904.68
Operational entertainment - Madrid Nov 65		40.00
Approved expenditure - LKD - Madrid 1 July 1966		1,600.00
Total expenditures		$33,834.85
Less advances received (bank deposit, $30,000; cash $3,500)		33,500.00
Cash settlement to close A/C		$ 334.85

15 February 1974

26 Feb 11 Tab 38

MEMORANDUM FOR THE RECORD

SUBJECT: Interview of Mr. Davis Powell on the David St. John Novels

1. On the morning of 15 February 1974, the undersigned interviewed Mr. Davis Powell, currently a Budget Officer on the staff of the Deputy Director for Management and Services. Mr. Powell is located in Room 7C18. During 1965 Mr. Powell was Chief of Support of the then designated Western European Division. In July 1965 a contract was written authorizing salary and benefits to Mr. E. Howard Hunt for an assignment under non-official cover to Madrid, Spain. The purpose of this interview was to determine if Mr. Powell had any information on Mr. Hunt's activities during this period.

2. Mr. Powell responded that from his recollection it was Mr. Hunt's habit to deal only with the most senior officer available. In this case Mr. Hunt dealt directly with the then Chief of Western European Division, Mr. Rolf Kingsley. Mr. Powell states that, in his capacity as Chief of Support, any activity undertaken to support Mr. Hunt's assignment to Madrid was undertaken second and thirdhand on receipt of instructions from Mr. Kingsley's office. He further stated that he was never briefed on the purpose of Mr. Hunt's mission and could add little in terms of speculation. Mr. Powell recommended that Mr. Edward Ryan, who was then Deputy Chief of Western European Division, be contacted. Mr. Powell also suggested that Miss Martha Seville be interviewed. Miss Seville was the Executive Secretary in Western European Division during the time that Mr. Hunt's contract was written and Miss Seville subsequently served in Madrid herself. Mr. Powell understands that Miss Seville is currently assigned to the office of the Chief, European Division.

Lawrence J. Howe

14-00000

15 February 1974

IG Feb 11, Tab 38

MEMORANDUM FOR THE RECORD

SUBJECT: Interview of Mr. Rogers Brooks on the David St. John Novels

1. At 0930 on the morning of 15 February 1974, the undersigned interviewed Mr. Rogers Brooks, Chief, Contract Personnel Division, Office of Personnel. The purpose of this interview was to determine if Mr. Brooks had any information not contained in the Contract Personnel file of Mr. E. Howard Hunt on the latter's activities while a Contract Type A employee.

2. Mr. Brooks summarized his recollections by saying that, although it was not common practice it was not entirely unusual for highly sensitive contracts to be administered without the contracting officer being made aware of the operational objective involved. Mr. Brooks stated that he recalls some of the controversy involved in preparing the contract dealing with the question of offset and housing allowance, but he was unable to recall any of the details. It was Mr. Brooks' suggestion that the Office of Finance be contacted and that their contract personnel records on Mr. Hunt be checked for information.

Lawrence J. Howe

14-00000

14 February 1974

IG Feb, 11, Tab 38

MEMORANDUM FOR THE RECORD

SUBJECT: Interview with Mr. Raymond A. Rocca on the David St. John Novels

1. On the morning of 14 February 1974 Messrs. Frederick Evans and Lawrence Howe interviewed Mr. Raymond A. Rocca, Deputy Chief, Counter Intelligence Operations. The purpose of the interview was to follow up on information contained in Office of Security files which stated the belief that individuals in the Counter Intelligence Operations office had knowledge of the writing activities of Mr. E. Howard Hunt. This belief was a matter of record in the files of the former Security Research Staff and was attributed to Mr. Paul Gaynor, now retired, and Mr. Edward Sayle.

2. During this interview Mr. Rocca was specifically asked whether or not he had knowledge of the existence of any form of official sponsorship or encouragement to Mr. E. Howard Hunt to write novels to improve the image of this Agency. Additionally, Mr. Rocca was asked whether or not any assistance was ever requested of the Counter Intelligence Operations office to be provided to Mr. Hunt or whether or not that staff had ever had any relationship with Mr. Hunt whatsoever. In response to these questions Mr. Rocca responded "on the record" that he has no knowledge of any such arrangements nor at any time was he party to any assistance or any requests for assistance to Mr. Hunt. Mr. Rocca stated that the particular section which he had been most actively concerned in the past years was responsible for handling a variety of tasks categorized under the area of "setting the record straight." In this sense, the "image" mission of the office was to counter misinformation currently in the media or otherwise believed to be part of an effort to discredit the Agency. Mr. Rocca feels that any assumption that Mr. Hunt was engaged in any form of Agency sponsored image activity would have probably lead to the conclusion that it was done under the Counter Intelligence Operations. However, Mr. Rocca emphatically stated that this was not the case.

14-00000

3. Mr. Rocca was thoroughly candid and cooperative during the course of this interview. He was unable to suggest alternate means of attempting to determine if any official Agency sponsorship of Mr. Hunt did in fact exist. Mr. Rocca did venture the opinion that he felt that in all probability an official acquiescence on the part of senior officials might have been involved rather than an official sponsorship. It was agreed by all in this discussion that the nature of any informal support given to Mr. Hunt would be far more difficult to define in the absence of any formalized agreements.

Lawrence J. Howe

14-00000

6 February 1974

MEMORANDUM FOR THE RECORD

SUBJECT: Possible Agency Sponsorship of the David St. John Novels

1. The details summarizing an interview on 4 February 1974 with Mr. Walter Pforzheimer, Curator, Historical Intelligence Collection, were set forth in a memorandum addressed to Mr. Steven L. Kuhn dated 6 February 1974. Mr. Kuhn was briefed by the undersigned on this information during the afternoon of 5 February 1974. Later the same afternoon, at Mr. Kuhn's direction, a conference was held with Messrs. Scott Breckenridge and John Richards of the Office of the Inspector General.

2. During this conference the speculation was entertained that Mr. E. Howard Hunt had, in fact, been under Agency sponsorship with the knowledge of Mr. Richard Helms in his preparation of a series of spy novels under the pseudonym, David St. John. If it can be accepted as a reasonable supposition that Mr. Hunt had some highly compartmented financial arrangement authorized by senior Agency officials to write these books, then it is likely that this relationship continued after Mr. Hunt officially retired. It is specifically noted that Mr. Hunt retired 30 April 1970. Subsequent to the retirement, a David St. John book appeared in print in 1971 and another in 1972. These manuscripts were apparently prepared during the time that Mr. Hunt was employed by the Robert R. Mullen Company.

3. Minutes from the Office of ~~General~~ Legislative Counsel make references to a concern of Senator Baker over an alleged financial relationship between Mr. Helms and Mr. Hunt which continued subsequent to Mr. Hunt's formal retirement. Senator Baker has reportedly made reference to a payment of some thirty thousand dollars with the parenthetical comment that Mr. Helms would not have that amount of money

to provide Mr. Hunt from his private funds. Mr. Richards of the Inspector General Staff opinioned that if the Agency had sponsored the St. John books, it was likely that Mr. Hunt had so informed Senator Baker.

4. Adding possible weight to this line of speculation is the fact that subsequent to publishing the last St. John novel, Mr. Hunt published a novel entitled, Eduardo, using his old Agency issued alias, Edward J. Hamilton. The suggestion is that this writing effort was done by Mr. Hunt free of any fiduciary relationship with the Agency involved in the use of the St. John pen name.

5. Mr. Howard J. Osborn, Director of Security, was briefed on the above by the undersigned in the presence of Mr. Kuhn on the evening of 5 February 1974.

Lawrence J. Howe

14-00000

6 February 1974

MEMORANDUM FOR: Mr. Steven L. Kuhn

SUBJECT : The David St. John Novels

1. On 4 February 1974, Mr. Walter Pforzheimer, Curator, Historical Intelligence Collection, was interviewed by the undersigned concerning his knowledge of a series of novels written by Mr. E. Howard Hunt. This interview was undertaken at your request in an effort to determine if Mr. Hunt had acted in any capacity in cooperation with Counter Intelligence Operations. It has previously been alleged in Office of Security records that Messrs. Paul Gaynor and Edward Sayle of Security Research Staff, believed that Mr. Hunt had written novels at Agency request and that this effort had been known to Mr. James Angleton, Chief, CI Operations.

2. Mr. Pforzheimer provided a verbal summary of his knowledge of Mr. Hunt's fictional writings under the pen name, David St. John. Mr. Pforzheimer stated that when the first St. John book, On Hazardous Duty, appeared in 1965, he undertook to identify the true name of the author. Mr. Pforzheimer related that he checked with a source in the copyright office only to find out that the true name was not given on the copyright application. The mailing address given for the author was checked against a telephone cross reference directory. The address on the copyright application was identified with Mr. E. Howard Hunt. Mr. Pforzheimer stated that after making the identification, he called Mr. Thomas Karamessines and related his discovery. Mr. Pforzheimer recalled from the nature of Mr. Karamessines' reaction that he had uncovered a sensitive matter of senior officer concern. Mr. Pforzheimer stated that he then recommended to Mr. Karamessines that "if the Agency is involved in this thing why not see to it that Hunt leaves his address off the copyright applications in the future." Mr. Karamessines reportedly

accepted the suggestion and Mr. Pfortzheimer recalls that subsequent copyright applications were submitted without the address. Within five minutes of the conversation with Mr. Karamessines, Mr. Pforzheimer recalls being called by Mr. Richard Helms, then Deputy Director of Central Intelligence. Mr. Pforzheimer recalls the substance of the conversation as being, "for Christ sake Walter, this is the first book to come along and say something good about the Agency." "Why not leave the Goddamn thing alone."

3. The undersigned asked Mr. Pforzheimer, who to his knowledge, would be in a position to confirm or deny whether Mr. Hunt was under any form of Agency sponsorship in his writing of the David St. John novels. Mr. Pfortzheimer replied that he was never officially briefed on the matter and that only Mr. Helms or Mr. Karamessines could provide the answer. Mr. Pforzheimer was then asked if either Mr. Angleton or Mr. Rocca of Counter Intelligence Operations would have any knowledge of this activity. Mr. Pforzheimer replied that he doubted it seriously.

4. Mr. Pforzheimer went on to relate that he was occasionally tasked to do research for Mr. Hunt. He recalled on one occasion being asked to research the Indian religious rites involving use of funeral pyres. Mr. Pforzheimer remembered that this theme figures significantly in Mr. Hunt's subsequent novel <u>Tower of Silence</u> which appeared under the St. John pen name in 1966. Mr. Pforzheimer parenthetically pointed out the origin of the pen name as being the names of Mr. Hunt's two sons--David and St. John.

5. Tracing Mr. Hunt's career assignments, it is noted that he was assigned to the Office of the Deputy Director for Operations then designated, the DDP/Operations Group, in February 1965. The first David St. John book was published during 1965. From June 1965 through September 1966, Mr. Hunt was assigned to Madrid, Spain as a Contract Agent. During 1966, three St. John books appeared in print, the highest output for any year. Mr. Hunt published one book under the St. John pseudonym in 1967, and one each in the years 1968, 1969, 1971 and 1972. Mr. Hunt officially retired as an Agency Staff Employee effective 30 April 1970.

6. A check of Office of Security records did not develop any indication that any of the David St. John manuscripts were ever submitted for review in accordance with Agency regulations. There is no documentary evidence currently available to the Office of Security to either confirm or deny possible Agency sponsorship of the books written by Mr. E. Howard Hunt under the pen name, David St. John.

Lawrence J. Howe

14-00000

SECRET

Copy one of one copies

F February 1974

2C Feb 9, Tab 23

MEMORANDUM FOR: Mr. Kuhn

SUBJECT: General Gaynor's Recollections

1. This date, at your instruction, I called Gen. Paul F. Gaynor to seek his recollections regarding his knowledge of the writings of Mr. Hunt and any official who might be aware of the circumstances of any Agency involvement in that effort.

2. Gen. Gaynor advised that his memory is not altogether clear on the matter, and that he was "reaching," but stated that has he reconstructs the matter:

a. He became aware that Hunt, while in WH, was accomplishing a steady flow of spy books, and that security approval was not being requested on the manuscripts before submission to publishers. (He stated that this activity continued later, as he recalls it, in CI Staff, and agreed with idea that the volume of writings was sufficient to indicate that a great of time was involved in Hunt's writing.) Gen. Gaynor advised that he raised the issue "up front" on several occasions. The reaction he recieved to his raising the issue was that "keep your stinking nose out of this business." He stated that he was lead to believe that Mr. Helms desired to improve the image of the intelligence profession and the Agency and that Hunt's books were a part of the program to do so. He stated that he was never told outright that this was the case, but the responses he recieved lead him to believe this was the case.

b. He suggested that two people might be able to assist in clearing the issue, Ray Rocca and Walter Pforzheimer, both of whom were involved in the "image" materials. He stated that Pforzheimer seemed to be aware of all the details - on an up to date basis - of Hunt's departure from the Agency to join the public relations firm, to the degree that Gen. Gaynor gained the belief that Hunt was merely moving his desk outside the building, but being paid by the same source as before. He also advised that he kept Miss Ethel Mendoza fairly current on what he was learning about Hunt's activities because she followed the case for him, and suggested that her recall about what he had learned and when and what resulted, might be better than his at this date. (He also mentioned an incident in which Morse Allen while on a TDY was told by a COS to ask Headquarters to remove Hunt from the Area because of his direct liaison with the president of the country, and other activities which were confounding station operations. Later, the COS told Morse to forget about relaying the message, with the implication that Hunt was being directed by higher authority in the Agency and the COS did not wish to get in the middle by complaining. He said Morse would probably

c. He also suggested that another person--definitely no friend of Hunt--who might have some recall or have picked up information about the book-writing matter might be Anita Potocki of CI Staff, formerly of Division D. (I gather that she did not have official knowledge, but because of her dislike for Hunt, she made it somewhat her business to follow his career.)

Edward F. Sayle

14-00000

8 NOV 1965

MEMORANDUM FOR: Deputy Director for Support

SUBJECT: Request for Exception to Provision of FR 45-10b — Terence S. CRABANAC (P)

1. This memorandum contains a recommendation in paragraph 4 for the approval of the Deputy Director for Support.

2. Terence S. CRABANAC (P) is a Contract Employee assigned to the Madrid area in Spain in a sensitive assignment since his conversion from a Staff Employee on 4 July 1965. CRABANAC was a GS-15, step 7 ($19,880.00 per annum) and he is being paid at the same rate in his present contract status. His contract provides that he will be entitled to a living quarters allowance in conformance with regulations of this organization applicable to its appointed personnel.

3. The basic living quarters allowance for Class II officers in Madrid is $3,900 per annum. The house which CRABANAC has located, with a one year lease from 15 November 1965 to 14 November 1966, has an annual rent of $8,800.00 excluding utilities. Therefore, for rent alone, he will be $1,960.00 per year over the 150 percent maximum allowed under the provisions of FR 45-10b. On a 75/25 percent sharing basis of the 60 percent over the quarters allowance, he would be out of pocket $2,295.00.

4. Due to the operational sensitivity of CRABANAC's assignment, his request for relief on his housing costs was handled by Mr. Thomas Karamessines, ADDP. On 13 September 1965, Mr. Karamessines, ADDP, approved his being reimbursed on a 75/25 percent basis for the excess allowable costs up to, but not to exceed, 60 percent above his quarters allowance. This authorization was included in a letter to CRABANAC from Mr. Karamessines. It is requested that the Deputy Director

for Support authorize the 75/25 percent sharing of the excess allowable costs up to 30 percent above his quarters allowance.

/S/

Edward Ryan
Acting Chief
Western Europe Division

Recommendation in paragraph 4
is authorized:

Charles N. Davis
Deputy Director for Support

9 NOV 1965
Date

DDP/WE/SS:DavisB.Powell/aj/3189 (8Nov65)

Distribution:
Orig. - C/WE
2 - SSA-DD/S
1 - C/WE/SS
1 - WE/LO
1 - WE/PT
1 - WE/B7
1 - WE/5

14-00000

SECRET

Chief, Western Europe Division
ATT : Support Staff

13 October 1965

Compensation and Tax Division
Office of Finance

Duty Status Reports-Terence S. CRABANAC, Employee Number 179080

Reference : FHB 20-1000-1, paragraph 5.

1. To date there is no record of receipt of Form 764, Duty Status Reports, for Terence S. CRABANAC since his EOD 4 July 1965. These reports are required in order to maintain his leave account in accordance with the terms of paragraph 6(c) of his contract and to preclude action to withhold pay in accordance with requirements of the referenced handbook.

2. It is requested that this office be advised as to the reason for the delay in the submission of these Duty Status Reports.

LUCILE F. TWOGOOD
Chief,
Contract Employees Accounts Section
Agent Payroll Branch

TO: Compensation and Tax Division
Office of Finance
ATTENTION: Lucile F. Twogood
FROM: Chief of Support, WE Division

Per conversation with Mr. Thomas Karamessines, ADDP, there will be no Duty Status Reports (Form 764) submitted on Terence S. CRABANAC. This should be used as the authority to continue his pay without these reports.

/s/
David B. Powell
Chief of Support
WE Division

5 NOV 1965

SECRET

GROUP 1
Excluded from automatic downgrading and declassification

14-00000

3 September 1965

MEMORANDUM FOR: Chief, Contract Personnel Division

SUBJECT : General - Terrence S. CRABANAC - Supplement
Specific - Paragraph Entitled "Offset"

REFERENCE : A. OGC Opinion 65-2476a, dated 12 August 1965

B. Our Memo, dated 8 July 1965, Same Subject

1. This office herein recommends an amendment to CRABANAC's Supplement dated 4 July 1965, to delete paragraph 7. entitled "Offset."

2. This office acknowledges the OGC opinion, Reference A, which determined CRABANAC may retain without Agency salary offset any future royalties earned as a result of his literary efforts based on the fact cover does not include role of a writer.

3. As Subject's cover "activities" have been officially clarified as being only a light one of a retired Foreign Service Officer for which the Agency will be making all entitlement payments and actually he will receive no funds from any cover, this paragraph, which is misleading, has no meaning in Subject's contract and it is hereby recommended that it be deleted from CRABANAC's Supplement.

4. Further, in future cases when a cover is so light that Subject will not be receiving funds from cover it is recommended that no "Offset" paragraph be included in Supplements or Contracts.

[signature]
WILLIAM R. CAULFIELD
Chief, Covert Claims Branch

Attachment
Ref. A and B

No action taken on this basis.

14-00000

OGC 65-2476a

12 AUG 1965

MEMORANDUM FOR: Chief, Contract Personnel Division

SUBJECT: Terence S. CRABANAC - Retention of Royalties by a Contract Employee

1. You have requested the opinion of this Office in regard to the retention of future royalties which might be earned by Terence S. CRABANAC as a result of his literary efforts. We believe that he is entitled to retain such royalties without an offset against his Agency salary.

2. We have been advised by Mr. Gene Stevens, WE/Support, that CRABANAC's cover does not include the role of a writer; CRABANAC's cover for status will only be a light one of a retired Foreign Service Officer. Therefore, paragraph 7 of his contract dated 4 July 1965 may remain as written. Royalties from the fictional works that he writes as a profitable hobby will not be emoluments received from or through his "cover activities."

Norman D. Block
NORMAN D. BLOCK
Office of General Counsel

cc: Chief, Covert Claims Branch
Mr. Gene Stevens, WE/Support

14-00000

3 AUG 1965

MEMORANDUM FOR : Office of General Counsel

ATTENTION : Norman Block

SUBJECT : Terence S. Crabanac -- Retention of Royalties by a Contract Employee

1. Reference is made to the telephone conversation of 26 July 1965 between yourself and Rogers C. Brooks of this Office wherein background information relating to the assignment of Terence S. Crabanac was discussed.

2. Subject will apparently develop a cover as a writer, a field wherein he has an already demonstrated talent based upon several publications. The objective of the cover is to provide a basis of attribution for some of his income. At the time of the preparation of Mr. Crabanac's contract, the specific detail of his cover was unknown.

3. Request your opinion in regard to the retention of possible royalties earned by Crabanac as a result of his literary efforts or whether such income should be properly offset.

Joseph B. Ragan
Chief, Contract Personnel Division

Attachments.

OP/CPD: RCBrooks/cw: 2 August 1965

Distribution:
Orig & 1 -- Addressee
2 -- CPD

14-00000

4 July 65

Mr. Terence S. Crabanac

Dear Mr. Crabanac:

The United States Government, as represented by the Contracting Officer, hereby contracts with you as a Contract Employee for the use of your services and the performance of duties of a confidential nature under the following terms and conditions:

1. Compensation. In full consideration for the use of your services and the performance of specified confidential duties you will be compensated in an amount calculated at the rate of $19,830 per annum. In addition, you are herein authorized legislative salary adjustments, within-grade promotions and, if applicable, a post differential in substantial conformance with rules and regulations applicable to Government appointed employees. Payments will be made as requested by you in writing in an approved manner. Taxes will be withheld therefrom and submitted by this organization.

2. Allowances. You will be entitled to: (a) Living quarters allowances in conformance with regulations of this organization applicable to its appointed personnel. In the event you are furnished quarters by the Government you will not be entitled to the living quarters allowances herein indicated.

(b) Cost-of-living allowances in conformance with applicable regulations of this organization including, but not limited to, a post allowance, a transfer allowance and a home service transfer allowance.

3. Travel. You will be advanced or reimbursed funds for travel and transportation expenses for you, your dependents, your household effects and your personal automobile to and from your permanent post of assignment, and for you alone for authorized operational travel. In addition, you will be entitled to storage of such household and personal effects as are not shipped, in conformance with applicable Government regulations. You may be entitled to per diem in lieu of subsistence in the course of all travel performed hereunder and, when authorized, for you alone while on temporary duty away from your permanent post of assignment. All travel, transportation and per diem provided for under this paragraph must be properly authorized, and expenses incurred hereunder are subject to payment and accounting in compliance with applicable Government regulations.

4. Operational Expenses. You will be advanced or reimbursed funds for necessary operational expenses including, but not limited to, entertainment and the purchase of information, as specifically approved by the Government. Such funds will be subject to payment and accounting in compliance with applicable Government regulations.

5. Repayment. It is recognized that your failure to account for or refund any monies advanced you hereunder shall entitle the Government to withhold the total amount of such indebtedness or any portion thereof from any monies due you under the terms of this contract in such manner as it deems appropriate.

14-00000

6. Benefits. (a) You will be entitled to death and disability benefits equal to those authorized under the Federal Employees' Compensation Act, as amended. Claims by you, your heirs, or legal representatives under this paragraph will be processed by this organization in accordance with its procedures in such manner as not to impair security.

(b) You will be entitled to the continuance of pay and allowances in a manner similar to that set forth in the Missing Persons Act (50 U.S.C.A., App. 1001-1015).

(c) You will be entitled to sick, annual and home leave (including travel expenses incident thereto) equal to and subject to the same rules and regulations applicable to Government appointed employees. Annual leave may only be taken at times and places approved in advance by appropriate Government representatives. All accrued but unused leave credited to your former account as an appointed employee of this organization will be transferred to the leave account established for you hereunder.

(d) As a Government employee under contract converted from staff status without a break in service, it is required that you continue to make contributions to the Civil Service Retirement Fund. Such contributions (presently six and one/half per cent (6-1/2%)) will be deducted by the Government from the basic compensation due you hereunder, i.e., presently $19,880 per annum.

(e) You are herein authorized to apply for enrollment in a health insurance program for certain selected Contract Employees of this organization, subject to all the terms and conditions of that program. If accepted, this organization is presently authorized to bear a portion of the premium cost, you will bear the remainder. Your financial contribution will be effected either by payroll deduction or by direct remittance at periodic intervals to be established by this organization.

(f) (1) This organization is authorized to pay the cost of necessary hospitalization and related travel expenses for illness or injury incurred by a United States citizen full-time Contract Employee in the line of duty while abroad.

(2) This organization may pay certain necessary costs of hospitalization and related travel expenses for illness or injury incurred by the dependents of a United States citizen full-time Contract Employee permanently assigned abroad, while they are located abroad.

It is understood and agreed that the eligibility and extent of the participation by you and your dependents in the above medical programs will be in conformance with the rules, regulations and policies of this organization in effect at the time an illness or injury is incurred, that all claims will be submitted only to this organization and that adjudication of such claims by this organization shall be final and conclusive.

7. Offset. Emoluments (including benefits in kind) received from or through your cover activities are the property of the U. S. Government. Procedurally, such emoluments will be offset against amounts due you under this agreement and are acknowledged to be payment by the Government hereunder and for Federal income tax purposes. If cover emoluments exceed those due you under this contract, you will dispose of the excess amount in conformance with Governmental instructions.

8. Execution of Documents. If, in the performance of services under this contract, you assume the custody of Government funds or take title of record to property of any nature whatsoever and wherever situate, which property has in fact been purchased with monies of the U. S. Government, you hereby recognize and acknowledge the existence of a trust relationship, either express or constructive, and you agree to execute whatever documents may be required by the Government to evidence this relationship.

9. Secrecy. You will be required to keep forever secret this contract and all information which you may obtain by reason hereof (unless released in writing by the Government from such obligation), with full knowledge that violation of such secrecy may subject you to criminal prosecution under the Espionage Laws, dated 25 June 1948, as amended, and other applicable law and regulations.

10. Instructions. Instructions received by you from the Government in briefing, training or otherwise are a part of this contract and are incorporated herein, provided that such instructions are not inconsistent with the terms hereof.

11. Unauthorized Commitments. No promises or commitments pertaining to rights, privileges or benefits other than those expressly stipulated in writing in this agreement or any amendment thereto shall be binding on the Government.

12. Term. This contract is effective as of 4 July 1965, and shall continue thereafter for a period of two (2) years unless sooner terminated:

(a) Upon sixty (60) days' actual notice by either party hereto, or

(b) Upon actual notice to you in the event the results of an initially required medical examination are determined by this organization to be unsatisfactory, or

(c) Without prior notice by the Government, in the event of a breach of this contract by your violation of the security provisions hereof or by your otherwise rendering yourself unavailable for acceptable service.

Subject to the availability of appropriations, this agreement may be extended upon notice from the Government. In the event of voluntary termination on your part or termination for cause by the Government prior to the expiration of this agreement or any renewal thereof, you will not be entitled to return travel expenses to the United States. Termination of this agreement will not release you from the obligations of any security oath you may be required to take.

UNITED STATES GOVERNMENT

BY DHL
Contracting Officer

ACCEPTED:

/S/

WITNESS:

/S/

APPROVED:

/S/